

7/11/06

INSTRUCTIONS & FREQUENTLY ASKED QUESTIONS

Surplus Lines Licensure & Reporting

LICENSURE:

- An individual or business entity (resident or non-resident) must hold an Indiana property & casualty producer license before he/she can be licensed for surplus lines.
- Resident applicants are required to take a test for Surplus Lines and submit the original passing score report with their application. Testing information is available through Thompson Prometric's website at www.prometric.com.
- A non-resident applicant may not apply for a surplus lines license in Indiana unless currently licensed for surplus lines authority in their home state.
- The business entity must identify at least one licensed surplus lines producer before the entity can be licensed for surplus lines. Each producer named on item 25 of the application must be licensed in Indiana as a surplus lines producer.
- The initial application fee is (\$20) for resident producer/agency applicants as well as non-resident producer/agency applicants.
- All applicants must provide the following before obtaining a surplus lines license:
 1. A completed, originally signed and dated application. The application is available on the Department's website at <http://www.in.gov/idoi/producers/> under "Applications - Surplus Lines Agent/Broker."
 2. If your state participates in the NAIC's producer database, a certification letter is not required. If your state does not participate, non-resident applications must include an original letter of certification reflecting the surplus lines authority from your resident license jurisdiction dated within 90 days of the application (copies of your surplus lines license are not acceptable).
 3. Provide your current Indiana Property & Casualty license number.
 4. Resident surplus lines applications must submit a tax guarantee bond, in the amount of twenty thousand dollars (\$20,000), bound to the Indiana Department of Insurance. "Effective July 1, 2003, non-resident applicants/producers are no longer required to provide a tax guarantee bond in the amount of \$20,000, pursuant to Indiana Code 27-1-15.8-4(a-c)."
 4. License fee of twenty dollars (\$20), made payable to the Indiana Department of Insurance.
 5. Provide the name(s) of the surplus lines insurance company (ies) and/or Lloyd's syndicates numbers that you will be utilizing. If the company is not currently authorized for surplus lines in Indiana, you will be required to provide the company's most recent annual statement and actuarial opinion. (Please see bullet below regarding the list of surplus lines companies).
 6. New resident surplus lines applicants must include an original passing 'Score Report'. Information addressing how to obtain the 'Score Report' may be obtained from the 'Examinations Fact Sheet' which is available on the Department's web site.
 7. Provide a signed "Affidavit Regarding Monthly Affidavits & Semi-Annual Tax Filings". The form is available on the Department's website at <http://www.in.gov/idoi/producers/> under "Applications - Surplus Lines Agent/Broker."

- The required listing of companies utilized by the producer/agency may be verified against the listing of authorized Surplus Lines companies in Indiana. The listing is located on our website at <http://www.in.gov/idoi/insurers/surpluslines/index.html> . If the company is not found on the list of authorized surplus lines companies, the producer may submit the Annual Statement and actuarial opinion for review by the Department. Once reviewed by this Department and determined to qualify as authorized, the company will be listed as authorized for surplus lines in Indiana. The website is updated on a monthly basis.
- Complete the application, including all of the attachments listed above and submit to:

Indiana Department of Insurance
Attn: Surplus Lines Coordinator
311 West Washington Street, Suite 300
Indianapolis, IN 46204-2787

- Effective February 1, 2005, a (\$10) fee will be charged for a duplicate license upon written request.
- Once the surplus lines license has been issued, surplus lines producers are required to submit filings on a monthly, semi-annual and annual basis. (Please review the instructions for "REPORTING")

RENEWAL PROCEDURES

- **Electronic**
 - All surplus lines licenses expire on December 31st of each year.
 - As of November 7, 2005, surplus lines producers may renew their licenses electronically through the SIRCON website available at www.sircon.com, additional fees may apply.
 - Resident surplus lines producers must submit a tax guarantee bond or a continuation certificate to the Department before the renewed surplus lines license will be mailed.
- **Hardcopy/Paper**
 - All surplus lines licenses expire on December 31st of each year.
 - The Department suggests that you submit your application for renewal and the required attachments between October 31 and December 1 for processing, which allows ample time for processing prior to the expiration.
 - The renewal license fee (\$20) is to be sent to the PO Box as instructed on the renewal invoice that you receive in late October. Please do not send anything other than the fee and invoice to the PO Box.
 - There are no CE Requirements for Surplus Lines, please disregard the CE portion of the renewal form.
 - Licenses must be renewed annually by completing a new application and the following:
 1. If your state participates in the NAIC's producer database, a certification letter is not required. If your state does not participate, non-resident producers must include an original letter of certification reflecting the surplus lines authority from your resident license jurisdiction dated within 90 days of the application (copies of your surplus lines license are not acceptable).
 2. Provide your current Indiana Property & Casualty license number.
 3. Resident surplus lines producers must submit a notarized tax guarantee bond, in the amount of twenty thousand dollars (\$20,000), bound to the Indiana

Department of Insurance.

4. License fee of twenty dollars (\$20) is to be sent to the PO Box as instructed on the renewal invoice. Please do not send anything other than the fee and the invoice to the PO Box.
- Complete the renewal application, including all of the attachments listed on the last page and submit to:

Indiana Department of Insurance
Attn: Surplus Lines Coordinator
311 West Washington Street, Suite 300
Indianapolis, IN 46204-2787
 - Effective February 1, 2005, a (\$10) fee will be charged for a duplicate license upon written request.

REPORTING: All filings should be submitted to the Surplus Lines Coordinator. The required forms are available on the Department's website at <http://www.in.gov/idoi/producers/> under "Applications - Surplus Lines Agent/Broker."

- **Monthly Reporting** – The Monthly Report Affidavit and Monthly Report Excel Spreadsheet must be attached and submitted by the 20th of each month indicating the surplus lines premium written.
 - Monthly reports should be submitted on the form provided available on the Department's website at (<http://www.in.gov/idoi/producers/>) or using the same format on an Excel spreadsheet.
 - Surplus Lines Agent # is a six digit number, which may be found on the producer's surplus lines license.
 - Surplus Lines Agency's # is a five digit number, which may be found on the agency's surplus lines license.
 - The amounts reported on the monthly reports should be for gross premiums (which include agency fees, policy fees, etc.) written during the given month.
 - **The monthly report must be grouped and sub-totaled by the name of the company business was placed with.**
 - **The monthly report must provide a total of gross premiums written and premiums returned.**
 - The monthly report must provide a grand total of premiums written subtracting premiums returned.
 - Enter the full company name, not the group name, and provide the company's NAIC number.
 - The monthly report must reflect per policy written, 3 refusals of coverage from admitted companies.
 - The business written must be with authorized surplus lines companies. A listing is available at <http://www.in.gov/idoi/insurers/surpluslines/index.html>. If the company is not authorized, the Department will send a letter indicating so.
 - Policy binders or declaration pages are not required to be submitted to the department with the monthly report and affidavit.
 - Reports filed by the twentieth are for the prior months' business (e.g. April 2006 report would be filed by May 20, 2006).
 - If a revision is made, it must be filed with the Department. The document should be clearly marked "revised" and must be submitted with original signatures. The revision should be submitted with a cover letter explaining the revision. The revised monthly

report must also be accompanied by a revised affidavit with original signatures.

- **Semi-annual Tax Reporting** – Indiana’s surplus lines premium tax rate is 2.5% of gross premiums. Surplus lines premium tax is payable semi-annually on or before February 1st and August 1st. **Ten percent (10%) penalties will be assessed on any amounts received after the first of the month. In the event the first falls on the weekend, the tax is due on the preceding workday.**
 - Premium amounts reported on the tax report should agree with the amounts reported on the monthly reports for the given period. If different, amended reports and affidavits should be submitted for those months being corrected with the tax filing.
 - To calculate the surplus lines taxes due, please multiply the total premiums by (0.025) to calculate the total amount of surplus lines tax due to Indiana.
 - The surplus lines tax due from January through June must be received in our office on or before August 1st.
 - The surplus lines tax due from July through December must be received in our office on or before February 1st.
 - The tax payment is due with the completed tax report by the appropriate deadline.
 - If a revision must be filed, the document should be clearly marked “revised” and must be submitted with original signatures. The revision should be submitted with a cover letter explaining the revision and any additional taxes and/or penalties should be remitted.
 - Starting August 1, 2005, the semi-annual tax report must list the tax preparer’s information for inquiry purposes.
- **Annual Reporting** – In accordance with Indiana Code 27-1-15.8-4(3), a license surplus lines producer shall file with the department, not later than March 31 of each year, the financial statement, dated as of December 31 of the preceding year, of each unauthorized insurer from whom the surplus lines producer has procured a policy or contract. The Department requires an actuarial opinion be included with each annual statement(s).